GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

MA & UD DEPARTMENT – 15TH Finance Commission – Guidelines of 15th Finance Commission Grants to the Urban Local Bodies for award the period of 2020-2021 – Approved – Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (UBS) DEPARTMENT

G.O.Ms.No.188 Dated:26.10.2020

Read:

From Commissioner & Director of Municipal Administration, Guntur, Letter Roc. No. 1167447/2020/O, dated 30-09-2020.

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ORDER:

In the reference read above, the Commissioner & Director of Municipal Administration, A.P., Guntur has stated that the Fifteenth Finance Commission (15th FC), Government of India have recommended 15th FC Grants to the Urban Local Bodies for the award period of 2020-2021. The 15th FC has divided the Urban Local Bodies (ULBs) into two categories: (a) Million-Plus Cities and (b) Non Million-Plus cities and towns (all Other Cities and Towns with less than One Million Population). These grants are allocated on the formula of 90 : 10 for Population (2011 Census), and area of the ULB respectively. Accordingly, he has submitted the draft guidelines of the utilization of 15th Finance Commission Grants and requested for approval.

2. Government after careful examination of the matter, hereby approve the guidelines for utilization of the 15th Finance Commission Grants to the Urban Local Bodies for the award period of 2020-2021 which are annexed to this order.

3. The Commissioner & Director of Municipal Administration, Andhra Pradesh, Guntur shall issue necessary instructions to all the Commissioners of the Urban Local Bodies in the State to strictly adhere to the guidelines while preparing, approving and implementing the Annual Development Plans (ADPs) and utilization of funds under 15th Finance Commission Grants.

4. The Commissioner & Director of Municipal Administration, A.P., Guntur shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

J.SYAMALA RAO
SECRETARY TO GOVERNMENT

To
The Commissioner & Director of Municipal Administration, A.P., Guntur.
All the Commissioners/Municipal Commissioners of the Urban Local Bodies through the C&DMA., A.P., Guntur.
Copy to:
The P.S to Hon'ble Minister, Municipal Administration & Urban Development, A.P.
The P.S to Secretary to Government, MA&UD Department.
The Finance (FMU-EFS&T, MA&UD, CRDA) Department.
Sf/Sc.

//FORWARDED BY ORDER//

SECTION OFFICER

ANNEXURE TO G.O.Ms.No.188, MA&UD (UBS) DEPARTMENT, Dated:26.10.2020

GUIDELINES FOR UTILIZATION OF GRANTS UNDER 15th FINANCE COMMISSION BY THE URBAN LOCAL BODIES IN THE STATE.

1. Introduction

The Fifteenth Finance Commission (FC-XV) has submitted its' recommendations for the year 2020-21, recommending in case of Million Plus Cities, special emphasis on meeting the challenges of bad Ambient Air quality, ground Water depletion and Sanitation and to cater Non Million Plus Cities, grants in the critical sectors of Sanitation and Drinking Water in order to ensure additional funds to the Local Bodies.

- The GoI has informed that the Commission's term has been extended to cover F.Ys 2021-22 to 2025-26.
- While considering the grants for Local Bodies for the year 2020-21, the Commission has divided the Urban Local Bodies into two categories:
  - (i) Million-Plus Cities (Visakhapatnam & Vijayawada)
  - (ii) Non Million-Plus Cities and towns (all other cities and towns with less than One Million Population).
- The XV Finance Commission has recommended distribution of grants city-wise on the basis of Population (2011 Census) & Area in the ratio of 90:10 in case of Non Million Plus Cities & on Population basis for Million Plus Cities.
- The XV FC has recommended utilization of the grants released for the year 2020-21 for Local Specific Needs in Non Million Plus Cities and for Ambient Air Quality and Solid Waste Management & Sanitation in Million Plus cities.
- These grants shall be used only for Capital Works i.e., works specified in 2(b)(i) of these guidelines and not to be used for any Operation & Maintenance (O&M).

- Since, Urban Local Bodies need technical and administrative support, 1% of the total allocation is earmarked for IEC activities and 1% is earmarked for Capacity Building/Preparation charges for Detailed Project Reports (DPRs) etc.

2. <u>Modalities for release of Grant:</u>

a) Million-Plus Cities:

i. **Ministry of Environment, Forest and Climate Change (MoEF&CC),** as the Nodal Ministry shall, in consultation with State Governments, develop city-wise and year-wise targets on Ambient Air Quality targets for 2020-25 based on annual average concentrations of PM10 and PM2.5, monitor and evaluate the improvement and recommend disbursal of grants to such cities in Two equal installments.

ii. The **first installment** to be released to Greater Visakhapatnam Municipal Corporation and to Vijayawada Municipal Corporation has to be utilized for Air quality improvement measures, including capacity building of the local body within the Million-Plus cities, as well as meeting the additional needs of State Pollution Control Board to appropriately assist the Urban Local Bodies in monitoring the Ambient Air quality.

iii. The **second installment** shall be disbursed against the stipulated performance-based outcomes in terms of year-on-year improvement in Air Quality to be assessed in January, 2021. Basis of allocation of 2nd installment is as follows:

Year on Year improvement in air quality in Jan 2021 (%)	Share of its allocated fund (in %)
>5	100
4-5	80
3-4	60
2-3	40
1-2	20
<1	0

iv. In case of non-achievement of targets, the balance distributable fund would be divided equally in two parts. 50% to be distributed to top performers based on criteria mentioned in the below table, and remaining 50% to be distributed amongst the Non-Million-Plus cities in proportion to their population by the MoEF & CC in consultation with the State Government.

Year on Year improvement in air quality in Jan 2021 (%)	**% of allocation of unallocated funds**
Cities with improvement >5	40
Cities with improvement 4-5	35
Cities with improvement 3-4	25

v. The Ministry of Housing and Urban Affairs (MoHUA), shall in consultation with the State Government, develop city-wise and year-wise targets for 2020-25 and recommend disbursal of Water & Solid Waste Management (SWM) grants to such cities in two equal installments.

vi. The targets will be improvements over the base year to provide incentives to make up for any slippage in performance during the years succeeding 2020-21.

vii. For the year 2020-21, the recommended amount will be disbursed to concerned cities without any condition and shall be spent exclusively for improving conservation, supply and management of water and efficient Solid Waste Management and achieving of star ratings by the Urban Local Bodies.

viii. In 2020-21, the States need to draw up a Detailed Project Report for Capacity Development and to address the infrastructural issues for meeting the Service Level Benchmarks (SLBs) as mentioned below:

Water Supply
1. Households covered with piped water supply
2. Water supplied in LPCD
3. Reduction in non-revenue water

Water Conservation Measures	
4.	Rainwater harvesting
5.	Reuse/recycling of water
6.	Rejuvenation of water bodies
SWM & Sustaining outcomes of Swachh Bharat Mission	
7.	Garbage free star rating of the cities
8.	Coverage of water supply for public/community toilet

ix. Subsequent installments will be released on the recommendation of the MoHUA based on the assessment about achievement of specified targets.

b) For Non Million-Plus cities and towns:

The funds allocated by the XV Finance Commission to Non Million-Plus cities and towns consists Two Equal Parts.

i. **50% of the allocated amount is Basic Grant (Untied).**

This grant has to be utilized by the Urban Local Bodies for Location Specific Needs (except for salary and establishment expenditure) i.e., for

1. Solid Waste Management/Liquid Waste Management,
2. Water Supply including Water Supply to Community Toilets,
3. Under Ground Drainage/CC Drains,
4. CC/BT Roads (in Grade-II, III Municipalities & Nagar Panchayats only),
5. Construction of Slaughter houses,
6. Development of Parks,
7. Protection of Open Spaces,
8. Burial grounds & Crematoriums &
9. Repairs to Municipal Schools.

ii. **50% of the allocated amount is Tied Grant:**

a) The Urban Local Bodies shall earmark one half of the Tied Grant each to the Two critical services as noted below and this amount will be in addition to the funds received from relevant Centrally Sponsored Schemes (CSS) and other similar schemes being implemented by the State.

1. Drinking Water (including Rain Water harvesting and recycling)
2. Solid Waste Management

Service Level Bench Marks to be improved:

	Water Supply
1.	Households covered with piped water supply
2.	Water supplied in LPCD
3.	Reduction in non-revenue water
	Water Conservation Measures
4.	Rainwater harvesting
5.	Reuse/recycling of water
6.	Rejuvenation of water bodies
	SWM & Sustaining outcomes of Swachh Bharat Mission
7.	Garbage free star rating of the cities
8.	Coverage of water supply for public/community toilet

b) These Grants shall not be used as a substitute for either Union or State share of Centrally Sponsored Schemes (CSS) viz., Swachh Bharat Mission (SBM), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and other similar schemes being implemented by the State.

c) However, if any ULB has fully saturated the needs of one category, it can utilize the funds for the other category.

d) Subsequent installment(s) of Tied grants will be released on the recommendations of the MoHUA based on the assessment about achievement of specified targets.

3. <u>Common Guidelines for Million Plus Cities & Non Million Plus Cities:</u>

- Urban Local Bodies have to prepare Annual Development Plans with a due procedure:

a) A Technical Working Committee shall be constituted in each ULB by the Municipal Commissioner with the following Members:

1.Municipal Commissioner … Chairperson

2.Head of the Engineering Section … Convener

3.Head of the Town Planning Section	…	Member
4.Head of the Health Section	…	Member
5.Head of Urban Forestry / Horticulture Section	…	Member
6.Head of UPA Section	…	Member
7.Two Experts in Urban Development (if available)	…	Member
8.Two Consultants in Urban Development (if available)	…	Member
9.Executive Engineer (PH) in case of Grade-II & III Municipalities and Nagarapanchayaths	…	Member

(b) The Technical Working Committee shall prepare a Draft Annual Plan considering the allocation to the Urban Local Bodies by the Commissioner & Director of Municipal Administration,

(c) 40% of the grants shall be utilized in the higher concentration areas of SC and ST Population,

(d) The Technical Working Committee shall indicate the prioritization of the proposed works in the Annual Development Plan and shall take-up the works accordingly,

(e) The draft Annual Development Plan shall be placed before the Council/General Body for approval,

(f) After approval by the Council/General Body, the ADPs shall be sent along with Council Resolutions & supporting documents, if any, to the Engineer-in-Chief (Public Health) for scrutiny and recommendations.

(g) The ADP shall be scrutinized by the Engineer-in-Chief (Public Health) and submit to the Commissioner & Director of Municipal Administration with specific recommendations for approval and to accord Administrative Sanctions.

4. Constitution of Finance Management Unit (FMU):

- A Finance Management Unit (FMU) shall be constituted in the Office of the Commissioner & Director of Municipal Administration, for Processing, Monitoring, Funds allocation and Evaluation of the works progress.

- This FMU shall consists of the following Three Wings:
  (a) Engineering Wing,
  (b) Capacity Building Wing &
  (c) Monitoring Wing.

(a) Engineering Wing:

i. Develop Operational Guidelines for preparation of ADPs
ii. Suggest the quantum of grants to be released to the ULBs as per the norms fixed by the GoI / XV FC,
iii. Guide and advise the Technical Working Committees in preparation of ADPs,
iv. Process the ADPs received from the Engineer-in-Chief (Public Health),
v. Transmit the processed ADPs to the Monitoring Wing,
vi. Monitor the progress of works,
vii. Randomly check the Quality of the works executed
viii. Submit reports from time to time to Commissioner & Director of Municipal Administration.

(b) Capacity Building Wing:

i. Conduct periodical training programs to ULB functionaries.
ii. Provide technical hand holding support for submission of Progress Reports, Utilization Certificates etc.

(c) Monitoring Wing:

i. Examine, verify and process the ADPs received with remarks from the Engineering Wing,
ii. Issue clarifications sought by the Urban Local Bodies on preparation of ADPs, guidelines and other related matters,
iii. Check the utilization of funds, evaluation of performance of Urban Local Bodies,

iv. Submit ULB-wise/consolidated Progress Reports,

v. Obtain and submit Utilization Certificates

vi. Prepare and submit suitable replies to the audit objections.

5. Role of the Municipal Commissioner:

i. Responsible for preparation of Annual Development Plan,

ii. Responsible for placing ADP before the Council/General Body,

iii. Submit ADPs along with supporting documents including Council Resolution to the Engineer-in-Chief (Public Health),

iv. Execute the works as per the norms and procedure laid down/issued from time to time,

v. Review & Monitor the execution of works and ensure quality in the works,

vi. Timely utilize the funds released to the ULB,

vii. Submit the Monthly Progress Reports by 10th of every month,

viii. Submit Utilization Certificates to the Commissioner & Director of Municipal Administration &

ix. Follow the instructions issued by the Commissioner & Director of Municipal Administration, from time to time.

6. Responsibilities of the Council/General Body:

i. Consider and approve the Annual Development Plan prepared by the Technical Working Committee as per the guidelines.

Format for submission of Annual Development Plan

Name of the ULB:- Financial Year:-

C.R.No & Date:-

Sl. No.	Name of the Sector	Name of the Work	Estimated Cost (in rupees)	Prioritization Number
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
		Total		

Head of Engineering Section **Head of Town Planning Section** **Head of Health Section** **Head of Urban Forestry/ Horticulture Section**

Head of UPA Section **Expert in Urban Development** **Consultant in Urban Development**

Executive Engineer (PH)
(In case of Grade-II & III Municipalities & Nagarapanchayaths)

Municipal Commissioner
_____ ULB

J.SYAMALA RAO
SECRETARY TO GOVERNMENT